

SINKING INTEREST AND REDEMPTION (18)

AGENCY PLAN: STATEMENT OF PURPOSE, GOALS AND BUDGET SUMMARY

STATEMENT OF PURPOSE:

The Debt Service Fund meets the principal and interest of the bonded indebtedness of the City of Detroit.

AGENCY FINANCIAL SUMMARY:

2005-06 <u>Requested</u>		2004-05 <u>Budget</u>	2005-06 <u>Recommended</u>	Increase <u>(Decrease)</u>
	<u>Appropriations</u>			
	General Obligation Bonds:			
\$ 28,790,062	Interest	\$ 31,692,943	\$ 30,727,075	\$ (965,868)
30,855,000	Principal	33,140,000	23,250,000	(9,890,000)
3,330,000	DDA Tax Increment Dist.	3,284,853	4,424,065	1,139,212
1,012,000	GM Tax Increment Dist.	949,679	893,521	(56,158)
-	Prior Years Deficit	-	3,640,000	3,640,000
-	Property Tax Expense	1,532,000	-	(1,532,000)
<u>\$ 63,987,062</u>	Total Appropriations	<u>\$ 70,599,475</u>	<u>\$ 62,934,661</u>	<u>\$ (7,664,814)</u>
	<u>Revenues</u>			
\$ 55,887,062	Current Year's Property Tax	\$ 52,372,634	\$ 58,812,290	\$ 6,439,656
	Prior Year's:			
5,000,000	Real Property Tax	12,550,000	800,000	(11,750,000)
100,000	Personal Property Tax	2,221,000	50,000	(2,171,000)
2,910,000	Industrial Facilities Tax	2,602,359	2,269,744	(332,615)
90,000	Neigh. Enterprise Zone Tax	105,985	122,517	16,532
-	Renaissance Zone Tax	747,814	866,166	118,352
-	Other Miscellaneous Taxes	(317)	13,944	14,261
<u>\$ 63,987,062</u>	Total Revenues	<u>\$ 70,599,475</u>	<u>\$ 62,934,661</u>	<u>\$ (7,664,814)</u>
-	NET TAX COST:	\$ 0	<u>0</u>	\$ 0
	Tax Levy Requirement	\$ 51,593,943	\$ 56,767,075	\$ 5,173,132
	Delinquency Rate	16.00%	5.00%	-11.00%
	Tax Rate (per \$1,000 valuation)	\$7.4796	\$7.0753	\$ (0.4043)

SINKING INTEREST AND REDEMPTION (18)

ACTIVITY DESCRIPTION: BONDS AND INTEREST REDEMPTION

Bond and interest redemption provides for the scheduled retirement of principal and interest on long-term City debt. This debt derives from general obligation bond sales. (The debt service on Enterprise Funds appears in the Enterprise Agency Sections.)

State law limits the amount of general obligation debt a city may have outstanding at one time. Generally, the limit requires such debt to be within ten percent of the assessed value (which includes certain assessed value equivalents for purposes of the formula) of all real and personal property in the city. Significant exclusions to or extensions of the debt limit are permitted for special assessment bonds, motor vehicle highway bonds, hospital bonds, certain mortgage and housing bonds and various other bonds for projects deemed necessary for abating pollution. The City's outstanding debt is currently within the limits prescribed by State law. After the effective date (December 22, 1978) of an amendment to the State Constitution, the City may not issue general obligation bonds payable from taxes levied for debt service without a vote of the electorate.

The Debt Management Section of the Finance Department (funded in the Accounting Operations Activity of Agency 23) is responsible for managing the general obligation debt, as well as, that of other bonding and financing authorities, which include the following:

- **The City of Detroit Building Authority**, established by the City for the purpose of financing and managing the construction of various publicly owned buildings, parking lots, recreational facilities and related sites to be leased to the City.
- **The City of Detroit Downtown Development Authority (DDA)**, established by the City to help halt property value deterioration and to promote economic growth in the downtown district.
- **The Greater Detroit Resource Recovery Authority (GDRRA)**, a separate governmental unit from the City, created by the cities of Detroit and Highland Park for the purpose of financing and supervising construction and operations of a waste-to-energy facility located in the City.
- **The Economic Development Corporation of the City of Detroit**, established for the purpose of assisting industrial and commercial enterprises in various endeavors which would benefit Detroit residents.
- **The City of Detroit Tax Increment Finance Authority**, established for the purpose of preparing development and tax increment financing plans in the City and associated with financing of the Central Industrial Park (GM) Project.
- **The Local Development Finance Authority**, established for the purpose of assisting in the financing of development projects in the City and associated with the City's Jefferson/Conner (Chrysler) Redevelopment Project.
- **The Detroit-Wayne Joint Building Authority**, established by a joint effort of the City and the County for the purpose of constructing and maintaining buildings that would serve both City and County residents.

CITY OF DETROIT
Debt Service
Financial Detail by Appropriation and Organization

General Bond Redemption	2004-05 Redbook		2005-06 Dept Final Request		2005-06 Mayor's Budget Rec	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
<i>APPROPRIATION ORGANIZATION</i>						
00212 - General Bond Redemption						
180010 - General Bond Redemption	0	\$64,832,943	0	\$59,645,062	0	\$53,977,075
180040 - Debt Service Interest Redemption	0	\$1,532,000	0	\$0	0	\$3,640,000
APPROPRIATION TOTAL	0	\$66,364,943	0	\$59,645,062	0	\$57,617,075
00490 - Other Distributions						
180020 - D.D.A Tax Increment District	0	\$3,284,853	0	\$3,330,000	0	\$4,424,065
180030 - GM Tax Increment District	0	\$949,679	0	\$1,012,000	0	\$893,521
APPROPRIATION TOTAL	0	\$4,234,532	0	\$4,342,000	0	\$5,317,586
ACTIVITY TOTAL	0	\$70,599,475	0	\$63,987,062	0	\$62,934,661

CITY OF DETROIT
Budget Development for FY 2005-2006
Appropriations - Summary Objects

	2004-05 Redbook	2005-06 Dept Final Request	2005-06 Mayor's Budget Rec
AC9918 - Bond Interest and Redemption			
<i>A18000 - Debt Service</i>			
OTHEXPSSL - Other Expenses	5,766,532	4,342,000	8,957,586
FIXEDCHGSL - Fixed Charges	64,832,943	59,645,062	53,977,075
<i>A18000 - Debt Service</i>	<i>70,599,475</i>	<i>63,987,062</i>	<i>62,934,661</i>
AC9918 - Bond Interest and Redemption	70,599,475	63,987,062	62,934,661
Grand Total	70,599,475	63,987,062	62,934,661

CITY OF DETROIT
Budget Development for FY 2005-2006
Appropriation Summary - Revenues

	2003-04 Actuals	2004-05 Redbook	2005-06 Dept Final Request	2005-06 Adopted Budget	Variance
A18000 - Debt Service					
<i>00212 - General Bond Redemption</i>					
401100 - Current Year Property T	59,877,817	52,372,634	55,887,062	58,812,290	6,439,656
402100 - Prior Years Real Proper	4,737,028	12,550,000	5,000,000	800,000	(11,750,000)
402200 - Prior Years Pers Proper	(7,226)	2,221,000	100,000	50,000	(2,171,000)
407195 - Industrial Facilities Tax	2,906,652	2,602,359	2,910,000	2,269,744	(332,615)
407200 - Other Miscellaneous Ta	0	(317)	0	13,944	14,261
407210 - Neigh Enterprise Zone T	0	105,985	90,000	122,517	16,532
407215 - Renaissance Zone Tax	0	747,814	0	866,166	118,352
461100 - Earnings On Investment	117,925	0	0	0	0
<i>00212 - General Bond Redemption</i>	<i>67,632,196</i>	<i>70,599,475</i>	<i>63,987,062</i>	<i>62,934,661</i>	<i>(7,664,814)</i>
<i>10830 - Convention Facility - Debt Service</i>					
422190 - State Hotel & Liq Tax- C	16,217,262	0	0	0	0
461100 - Earnings On Investment	1,046,323	0	0	0	0
<i>10830 - Convention Facility - Debt Sen</i>	<i>17,263,585</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
A18000 - Debt Service	84,895,781	70,599,475	63,987,062	62,934,661	(7,664,814)
Grand Total	84,895,781	70,599,475	63,987,062	62,934,661	(7,664,814)